

Senate Study Bill 3122 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
VETERANS AFFAIRS BILL BY
CHAIRPERSON BEALL)

A BILL FOR

1 An Act relating to property taxes of veterans by providing an
2 additional homestead credit for certain disabled veterans,
3 modifying the military service property tax exemption
4 and credit, making penalties applicable, and including
5 applicability provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 425.15, Code 2014, is amended to read as
2 follows:

3 **425.15 Disabled veteran tax credit.**

4 If the owner of a homestead allowed a credit under this
5 chapter is a veteran of any of the military forces of the
6 United States, who acquired the homestead under 38 U.S.C.
7 § 21.801, 21.802, prior to August 6, 1991, or 38 U.S.C.
8 § 2101, through 2102, who is a veteran as defined in section
9 35.1 with a permanent and total service-connected disability
10 as certified by the United States department of veterans
11 affairs, or who is a former member of the national guard
12 of any state who otherwise meets the service requirements
13 of section 35.1, subsection 2, paragraph "b", subparagraph
14 (2) or (7), with a permanent and total service-connected
15 disability as certified by the United States department of
16 veterans affairs, the credit allowed on the homestead from
17 the homestead credit fund shall be the entire amount of the
18 tax levied on the homestead. The credit allowed shall be
19 continued to the estate of a veteran who is deceased or the
20 surviving spouse and any child, as defined in section 234.1,
21 who are the beneficiaries of a deceased veteran, so long as
22 the surviving spouse remains unmarried. ~~This section is not~~
23 ~~applicable to the holder of title to any homestead whose annual~~
24 ~~income, together with that of the titleholder's spouse, if~~
25 ~~any, for the last preceding twelve-month income tax accounting~~
26 ~~period exceeds thirty-five thousand dollars. For the purpose~~
27 ~~of this section "income" means taxable income for federal~~
28 ~~income tax purposes plus income from securities of state and~~
29 ~~other political subdivisions exempt from federal income tax. A~~
30 veteran or a beneficiary of a veteran who elects to secure the
31 credit provided in this section is not eligible for any other
32 real property tax exemption provided by law for veterans of
33 military service. If a veteran acquires a different homestead,
34 the credit allowed under this section may be claimed on the
35 new homestead unless the veteran fails to meet the other

1 requirements of this section.

2 Sec. 2. Section 426A.11, subsection 1, Code 2014, is amended
3 by striking the subsection.

4 Sec. 3. Section 426A.11, subsections 2 and 4, Code 2014, are
5 amended to read as follows:

6 2. The property, not to exceed ~~one thousand eight hundred~~
7 ~~fifty-two~~ the lesser of ten percent of the taxable value or
8 fifteen thousand dollars in taxable value of an honorably
9 separated, retired, furloughed to a reserve, placed on inactive
10 status, or discharged veteran, as defined in section 35.1,
11 subsection 2, paragraph "a" or "b" or subsections 3 and 4 of
12 this section.

13 4. For purposes of this chapter, unless the context
14 otherwise requires, "veteran" also means a any of the following:

15 a. A resident of this state who is a former member of the
16 armed forces of the United States and who served for a minimum
17 aggregate of eighteen months and who was discharged under
18 honorable conditions. ~~However, "veteran" also means a~~

19 b. A resident of this state who is a former member of the
20 armed forces of the United States and who, after serving fewer
21 than eighteen months, was honorably discharged because of a
22 service-related injury sustained by the veteran.

23 c. A resident of this state who is a former member of the
24 national guard of any state who otherwise meets the service
25 requirements of section 35.1, subsection 2, paragraph "b",
26 subparagraph (2) or (7).

27 Sec. 4. Section 426A.12, Code 2014, is amended to read as
28 follows:

29 **426A.12 Exemptions to relatives.**

30 1. In case any person in the foregoing classifications does
31 not claim the exemption from taxation, it shall be allowed in
32 the name of the person to the same extent on the property of any
33 one of the following persons in the order named:

34 a. The spouse, or surviving spouse remaining unmarried,
35 of a veteran, as defined in this chapter or in section 35.1,

1 subsection 2, ~~paragraph "a" or "b"~~, where they are living
2 together or were living together at the time of the death of
3 the veteran.

4 **b.** The parent whose spouse is deceased and who remains
5 unmarried, of a veteran, as defined in this chapter or in
6 section 35.1, subsection 2, ~~paragraph "a" or "b"~~, whether living
7 or deceased, where the parent is, or was at the time of death of
8 the veteran, dependent on the veteran for support.

9 **c.** The minor child, or children owning property as tenants
10 in common, of a deceased veteran, as defined in this chapter or
11 in section 35.1, subsection 2, ~~paragraph "a" or "b"~~.

12 2. No more than one tax exemption shall be allowed under
13 this section or section 426A.11 in the name of a veteran,
14 as defined in this chapter or in section 35.1, subsection 2,
15 ~~paragraph "a" or "b"~~.

16 Sec. 5. Section 426A.13, unnumbered paragraphs 1 and 2, Code
17 2014, are amended to read as follows:

18 A person named in section 426A.11, who is a resident of
19 and domiciled in the state of Iowa, shall receive a reduction
20 equal to the exemption, to be made from any property owned
21 by the person or owned by a family farm corporation of which
22 the person is a shareholder and occupant of the property and
23 so designated by proceeding as provided in the section. To
24 be eligible to receive the exemption, the person claiming it
25 shall have recorded in the office of the county recorder of
26 the county in which is located the property designated for the
27 exemption, evidence of property ownership by that person or the
28 family farm corporation of which the person is a shareholder
29 and the military certificate of satisfactory service, order
30 transferring to inactive status, reserve, retirement, order of
31 separation from service, honorable discharge or a copy of any
32 of these documents of the person claiming or through whom is
33 claimed the exemption. In the case of a person claiming the
34 exemption as a veteran described in section 35.1, subsection
35 2, paragraph "b", subparagraph (6) or (7), or under section

1 426A.11, subsection 4, paragraph "c", the person shall file the
2 statement required by section 35.2.

3 The person shall file with the appropriate assessor on forms
4 obtained from the assessor the claim for exemption for the year
5 for which the person is first claiming the exemption. The
6 claim shall be filed not later than July 1 of the year for which
7 the person is claiming the exemption. The claim shall set out
8 the fact that the person is a resident of and domiciled in the
9 state of Iowa, and a person within the terms of section 426A.11
10 or section 426A.12, and shall give the volume and page on which
11 the certificate of satisfactory service, order of separation,
12 retirement, furlough to reserve, inactive status, or honorable
13 discharge or certified copy thereof is recorded in the office
14 of the county recorder, and may include the designation of the
15 property from which the exemption is to be made, and shall
16 further state that the claimant is the equitable or legal owner
17 of the property designated or if the property is owned by a
18 family farm corporation, that the person is a shareholder of
19 that corporation and that the person occupies the property.
20 In the case of a person claiming the exemption as a veteran
21 described in section 35.1, subsection 2, paragraph "b",
22 subparagraph (6) or (7), or under section 426A.11, subsection
23 4, paragraph "c", the person shall file the statement required
24 by section 35.2.

25 Sec. 6. APPLICABILITY. This Act applies to property taxes
26 due and payable in fiscal years beginning on or after July 1,
27 2014.

28 EXPLANATION

29 The inclusion of this explanation does not constitute agreement with
30 the explanation's substance by the members of the general assembly.

31 This bill relates to property taxes of veterans by providing
32 an additional homestead credit for certain disabled veterans
33 and by modifying the military service property tax exemption.

34 The disabled veterans tax credit under Code section 425.15
35 provides a credit on the homestead of an eligible veteran

1 who acquired the homestead under specified federal programs
2 in an amount equal to the entire amount of the tax levied
3 on the homestead. The bill modifies the qualifications for
4 the disabled veterans tax credit by adding the following to
5 the list of veterans who are eligible for the credit: (1) a
6 veteran as defined in Code section 35.1 with a permanent and
7 total service-connected disability as certified by the United
8 States department of veterans affairs; and (2) a former member
9 of the national guard of any state who otherwise meets the
10 service requirements for Iowa national guard members under Code
11 section 35.1(2)(b), subparagraph (2) or (7), with a permanent
12 and total service-connected disability as certified by the
13 United States department of veterans affairs. The bill also
14 strikes the income limitation qualifications for the disabled
15 veteran tax credit.

16 Under current law, veterans of the First World War are
17 entitled to a property tax exemption of \$2,778 in taxable value
18 and honorably discharged veterans who served during other
19 specific time periods are entitled to a property tax exemption
20 of \$1,852 in taxable value. The bill removes the provision
21 relating to veterans of the First World War and increases the
22 exemption amount for all eligible veterans to 10 percent of the
23 taxable value of the veteran's property or \$15,000, whichever
24 is less.

25 The bill also modifies the qualifications for the military
26 service property tax exemption and credit by adding the
27 following to the list of veterans who are eligible for the
28 credit: (1) a resident of this state who is a current member of
29 the national guard, organized reserves, or regular component of
30 the armed forces of the United States; (2) a resident of this
31 state who is a former member of the national guard of any state
32 who otherwise meets the service requirements for members of the
33 Iowa national guard under Code section 35.1(2)(b), subparagraph
34 (2) or (7); and (3) a resident of this state who served on
35 federal active duty, other than training, in the armed forces

1 of the United States and who was discharged under honorable
2 conditions.

3 Under current law, the state provides funding to local
4 governments for the military service property tax exemption and
5 credit up to \$6.92 per \$1,000 of assessed value of the exempt
6 property. Code section 25B.7 provides that for a property tax
7 credit or exemption enacted on or after January 1, 1997, if a
8 state appropriation made to fund the credit or exemption is not
9 sufficient to fully fund the credit or exemption, the political
10 subdivision shall be required to extend to the taxpayer only
11 that portion of the credit or exemption estimated by the
12 department of revenue to be funded by the state appropriation.
13 The provisions of Code section 25B.7 apply to the military
14 service property tax credit and exemption to the extent of
15 \$6.92 per \$1,000 of assessed value of the exempt property.

16 The bill applies to property taxes due and payable in fiscal
17 years beginning on or after July 1, 2014.